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ED/EC M-277

October 23, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

11:00 a.m. Monday, October 21, 1957
Room 913 District National

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Kramer, Executive Secretary
Mrs. Huver, Committee Secretary

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. Hockersmith
Mr. George

Defense

Col. Green

ICA

Mr. Slaght

State

Mr. Wright
Mr. Oliver

Treasury

Mr. Pollak

Agenda:

Note a. Embargo of Copper Wire

1. Discussion of Criteria Issue Raised in Ad Hoc Subcommittee Report
(Ref. ED/EC D-126/1)

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Note a. Embargo of Copper Wire

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The Chairman reported that finally [REDACTED] are expected to respond to our efforts to place copper wire under embargo. The State member added that it is anticipated that this matter will be discussed by [REDACTED] and the Secretary of State Tuesday afternoon, October 22nd.

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1. Discussion of Criteria Issue Raised in Ad Hoc Subcommittee Report
(Ref. ED/EC D-126/1)

Decision

The Executive Committee requested the Ad Hoc Subcommittee on List Review to continue its review of all of the items they feel need consideration on the basis of the current criteria, designating which criterion applies in each case. They were also requested separately to designate those items which they would recommend for addition or deletion on the basis of the proposed revision of criterion (a).

Discussion

The Chairman stated that a question has arisen in the review being done by the Ad Hoc Subcommittee on List Review, which was to be conducted on the basis of the U.S. interpretation of current COCOM criteria. However, as a result of the review thus far, the Subcommittee recommends a revision in criterion (a). He stated that he felt this revision needed to be discussed in the Executive Committee to determine whether the members could agree to its employment. He added that if a course of action cannot be fully agreed in the Executive Committee, it would have to be referred to EDAC. He asked Mr. George to explain the Subcommittee's reasons for recommending this revision.

Mr. George made reference to ED/EC D-126/1 which explains the proposed revision. He said the Subcommittee first encountered this problem in its discussion of the metalworking machinery category and they had even greater difficulty with the chemicals category when, in certain cases, it was decided that the strategic significance was no longer as great as it had been originally thought and they did not feel it should be considered at all.

He called attention to Attachment I to referenced document, stating that the key words in criterion (a) are "designed specially or are expected to be used by the Sino-Soviet bloc". There are two thoughts here and they are separate thoughts. As we have interpreted this in the past, if an item is designed specially for the development, production or utilization of arms, ammunition, implements of war (including BW and CW) and atomic energy materials, it warranted control. Or, if it was expected to be used in that connection, it warranted control. He felt, however, that the probability or improbability of importation by the Bloc should be taken into consideration.

He explained that, in examining the chemical category particularly, the Subcommittee was informed by intelligence, and no one was prepared to contradict that intelligence, that the Soviet bloc had substantial production of a number

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of chemicals which they used primarily for explosives, they were in a good position in terms of shells that would use these explosives, and they had an ample supply. On this basis the Subcommittee expressed concern as to whether the U.S. should continue to try to control such items on IL I, II and III, leaving aside the Munitions and the Atomic Energy Lists. However, consideration would be given in each case to the fact that even though the Bloc may have an adequate supply of certain materials, some of our techniques might enable them to produce the same end product with a better quality, or more cheaply, or give them ability to decentralize. The feeling was that if it could be demonstrated that the Bloc would not import a significant quantity because they have an adequate supply, and none of these contributions would be made by the import, there was nothing to be served by control.

After studying the criteria, the Subcommittee decided that the four words "are designed specially or" should be deleted from criterion (a) because it was felt that they were not very significant if it could be demonstrated that the situation was such that the Bloc would never import the items.

He stated that in making this proposal the Ad Hoc Subcommittee felt it would tend to strengthen our total position rather than weaken it. If anyone had felt it weakened it, the proposal would not have been made. This would put the U.S. in a more tenable position for certain items listed for control, and it would provide substantive rationale rather than arbitrary rationale without real meaning with respect to the Bloc's potential. The Defense member added that he was in agreement and he could see no difficulty in negotiating this revision.

Mr. George pointed out that, with respect to a discussion in WG I, he wanted to make it clear that the Subcommittee visualized this revision as covering potential for new development as well as improvements in current development in terms of impact on the Bloc.

In discussing the report submitted on the chemicals category, it was brought out that certain of the items which would come off the International Lists by this revision should be retained for control, but it was felt the control would be better and more appropriate on the Munitions List. In this respect the Commerce member inquired whether it was anticipated that all of the items which would be dropped because of this revision are items which the Department of Defense will feel should be placed on the Munitions List. The Defense member said not necessarily. He added that he did not think there would be any trouble in putting them on the Munitions List if the items qualify, but in the event we cannot get them on the Munitions List they get dropped. He felt that there is no need in keeping items on the International Lists unless they are going to have an impact.

Mr. George said that the Subcommittee is trying to do as full and as good a job as possible and one which will not have to be duplicated. This proposed revision of the criteria does not make the job any easier, in fact it makes it more difficult, but the Subcommittee felt that this revision would better the program. Therefore, the question before the Executive Committee is whether the Subcommittee should apply criterion (a) as revised, or whether it should continue its review on the basis of the current (a).

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The Commerce member felt that any change in the criteria would have to be reviewed by EDAC and possibly higher. He also inquired whether the elimination of the words "are designed specially or" would raise any problem with respect to the Battle Act, adding that some of these items are designed specially for arms, ammunition and implements of war, and he did not think the Battle Act provided any flexibility in this respect. The Chairman responded that the explanation given by Mr. George for their elimination might satisfy the requirements of the Battle Act, but it would have to be looked into.

The State member mentioned that the IL III question is still open. In response to his query as to what our position would be if the decision is made not to request pre-licensing for IL III or if some other changes are made in the IL III procedures suggested by Mr. George, the Defense member said it would definitely affect Defense's position on some of the items. The Defense member felt, generally speaking, anything downgraded from IL I should be put on IL III in order to maintain it under surveillance for a period of time.

After further discussion, the Chairman said it seemed to be the consensus that, since it did not entail too much additional work, the Subcommittee should be requested to continue its review on the basis of both the present criterion (a) and the proposed revision of criterion (a). See Decision above.

The Chairman complimented the Subcommittee on the helpful reports they have submitted to date. He pointed out that the Executive Committee should submit a report on this review to EDAC early in November. He felt, however, that it would be better for the Executive Committee to postpone its consideration until they have three or four reports to review. That would also allow the Subcommittee to continue its work with less interference.

Distribution

ED List Parts I & II
& WG I (limited)

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